

MINUTES

STATE BUILDING COMMISSION MEETING

EXECUTIVE SUB-COMMITTEE

DECEMBER 19, 2005

The State Building Commission Executive Subcommittee met this day at 10:30 a.m. in Executive Conference Room, Ground Floor, State Capitol, Nashville, Tennessee.

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS PRESENT

John Morgan, Comptroller of the Treasury
Dale Sims, State Treasurer
Riley Darnell, Secretary of State

STATE BUILDING COMMISSION SUB-COMMITTEE MEMBERS ABSENT

Dave Goetz, Commissioner, Department of Finance and Administration

OTHERS PRESENT

Charles Garrett, Department of Finance and Administration
Georgia Martin, Department of Finance and Administration
Jurgen Bailey, Department of Finance and Administration
Charles Harrison, Comptroller's Office
Jimmie McCurdy, Legislative Budget Analysis
Genie Whitesell, Attorney General's Office
Janie Porter, Attorney General's Office
Jerry Preston, Tennessee Board of Regents
Mark Wood, Secretary of State's Office
Bob King, Department of Finance and Administration
Pat Haas, Bond Finance
Karen Hale, Comptroller's Office
Willard Finch, Military Department
Mike Ferrell, Military Department
Mike Baumstack, Department of Environment and Conservation

Reggie Reeves, Department of Environment and Conservation
Bonnie Gamble, Department of Environment and Conservation
Martha Staley, Department of Finance and Administration
Fred Prouty, Tennessee Historical Commission
Terry Bonham, Department of Environment and Conservation
Alvin Payne, University of Tennessee
Mark Cherpack, Department of Finance and Administration
Kim Kirk, Department of Environment and Conservation
Jim Gordon, Department of Children's Services
Douglas Berry, City of Franklin
Susan Foxman, Bass Berry Sims
Rebecca Howard, The LandTrust for Tennessee
Dennis Raffield, THEC
Liz Birchett, Comptroller's Office

Comptroller Morgan called the meeting to order at 10:35 a.m. and requested action on the following matters as presented by Assistant Commissioner Charles Garrett.

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MILITARY DEPARTMENT

TENNESSEE EMERGENCY MANAGEMENT AGENCY, NASHVILLE, TENNESSEE

- 1) Approved a request to reallocate funding on a project for **Renovation/Addition** at TEMA Headquarters, Nashville, and authorization to award a contract to Romach, Inc., Franklin, in the amount of \$1,437,000.00, based on bids received December 8, 2005.

Estimated Project Cost: **\$1,750,000.00**
SBC Project No. *361/067-01-2005*

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL of interest in real property as required by TCA 4-15-102 and 12-2-112:

Description:	<u>Knox County – 2.75 +/- acres – 2521 Kingston Pike, Knoxville, TN – Transaction No. 05-11-018 (GM)</u>
Purpose:	Disposal in Fee to sell the Kingston Student Apartments.
Original Cost to State:	\$3,321,016.00
Date of Original Conveyance:	1968
Grantor Unto State:	Vol Welfare Corporation
Comment:	Cost of renovate is financially prohibitive.
SSC Report:	12-12-05. Jurgen Bailey summarized the transaction. Alvin Payne stated that it will cost the State over 16 million dollars to renovation the 240 units. Remaining facilities are adequate to handle graduate school housing needs. Staff referred to Sub-Committee for recommendation.
SC Action:	12-19-05. Charles Garrett presented the transaction. Alvin Payne commented that it was not cost effective to make renovations to the 37 year-old complex, which was not contiguous to the campus. Subcommittee approved the request as presented. Final action.

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Roane County – 0.48 +/- acres – Oak Ridge, TN – Trans. No. 05-11-019 (GM)</u>
Purpose:	Acquisition in Fee for the Site of Joint Institute for Biological Sciences.
Source of Funding:	Gift
Estimated Cost:	Pending Appraisals
Owner(s):	U. S. Department of Energy
Comment:	USDOE reserves the right to re-acquire property and improvements after 25-years. State would then get 20-year lease at no cost. Parking rights may be acquired by subsequent easement if not included in deed.
SSC Report:	12-12-05. Jurgen Bailey summarized the transaction. Alvin Payne stated the property would be transferred to the State from USDOE for the Biological Sciences use. Staff referred to Sub-Committee for recommendation.
SC Action:	12-19-05. Subcommittee approved the transaction as presented. Final action.

UNIVERSITY OF TENNESSEE

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Roane County – 2.56 +/- acres – Oak Ridge, TN – Trans. No. 05-11-019 (GM)</u>
Purpose:	Acquisition in Fee for the Site of Joint Institute for Neutron Sciences.
Source of Funding:	Gift
Estimated Cost:	Pending Appraisals
Owner(s):	U. S. Department of Energy
Comment:	USDOE reserves the right to re-acquire property and improvements after 25-years. State would then get 20-year lease at no cost. Parking rights may be acquired by subsequent easement if not included in deed.
SSC Report:	12-12-05. Jurgen Bailey summarized the transaction. Alvin Payne stated the property would be transferred to the State from USDOE for the Biological Sciences use. Staff referred to Sub-Committee for recommendation.
SC Action:	12-19-05. Subcommittee approved the transaction as presented. Final action.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Rutherford County – 1.75 +/- acres improved with a house – adjoining the recently purchased Guy James Farm property for the benefit of MTSU, 3091 Guy James Road, Murfreesboro, TN – Trans. No. 05-11-001 (LW)

Purpose: Acquisition in Fee for the property which is in the target zone of the Revised Master Plan for the Guy James Farm. Short- term goal provide road frontage for the farm. Long-term goal provide housing for the future crop manager of the farm.

Source of Funding: Plant Funds Reserves – Manson Pike Farm sale proceeds will replace Plant Funds.

Estimated Cost: Pending Appraisals

Owner(s): MTSU Foundation

Comment: Guy James Farm was purchase by the Plant Funds Reserves.

SSC Report: 12-12-05. Jurgen Bailey summarized the transaction. Jerry Preston presented the transaction. Board of Regents will hire a crop manager for the farm. MTSU Foundation paid \$115,000.00 for site. MTSU will pay \$115,000.00 or less based on appraisals. Staff referred to Sub-Committee for discussion.

SC Action: 12-19-05. Subcommittee approved the transaction as presented. Final action.

DEPARTMENT OF CHILDREN'S SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AMENDMENT for the rental of real property as required by TCA 12-2-115:

Location: Overton County – 809 North Church Street, Livingston, TN – Trans. No. 05-10-908 (JS)

Purpose: To provide additional office space for county operations

Term: October 1, 2006 thru September 30, 2013 (7 years)

Proposed Amount:	<u>5,700 Square Feet</u>		
	Annual Contract Rent:	\$ 48,075.00	@ \$ 8.43/sf
	Est. Annual Utility Cost:	\$ 7,980.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 6,270.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$ 62,325.00	@ \$10.93/sf

Current Amount:	<u>4,500 Square Feet</u>		
	Annual Contract Rent:	\$ 34,875.00	@ \$ 7.75/sf
	Est. Annual Utility Cost:	\$ 6,300.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 4,950.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$ 46,125.00	@ \$10.25/sf

Type: Amendment No. 1 - Negotiated

FRF Rate: \$10.25 per square foot

Purchase Option: Yes

Lessor: Copeland & Jackson

Comment: The proposed amendment provides (1) the lessor will construct additional 1,200 square foot and will make tenant improvement and alterations at no additional cost to the State (2) increase in square footage of \$0.68 per square foot and (3) all other terms and conditions of the lease remain in full force and effect.

SSC Report: 12-12-05. Bob King summarized the transaction. Staff referred to Subcommittee for recommendation.

SC Action: 12-19-05. Charles Garrett presented the transaction. Secretary of State Darnell asked why there was no option to purchase provision. Mr. Garrett responded because it was in a strip mall and was not a stand-alone building. Subcommittee approved the transaction as presented. Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN SURVEY and to ACQUIRE or ACCEPT as GIFT a CONSERVATION EASEMENT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Williamson County – 110 +/- acres – located along Lewisburg Pike in the City of Franklin – Transaction No. 05-12-002 (PS)</u>
Purpose:	Acquisition by conservation easement of battlefield located near City of Franklin.
Source of Funding:	No State funding
Estimated Cost:	Grant
Owner(s):	Roderick Heller III & Kay Culbreath Heller
SSC Report:	12-12-05. Kim Kirk from Environment & Conservation presented the transaction. Douglas Berry, City of Franklin told the history of the project. City of Franklin will hold fee simple title to property. State of Tennessee will hold a conservation easement on property so it cannot be developed. The land trust for Tennessee, Inc. a non-profit is to be the third party to enforce the conservation easement. No State dollars are involved in this acquisition. Susan Foxman, lawyer for the Heller's, explained the necessity for closing transaction by December 31, 2005. Staff emphasized that we could not guarantee that deadline. Staff referred to Sub-Committee for recommendation.
SC Action:	12-19-05. Charles Garrett presented the transaction and introduced Susan Foxman and Douglas Berry who made a brief presentation. Kim Kirk commented that the document was put together so well by Ms. Foxman that it may become a model for future transactions. Subcommittee approved the request as presented. Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Hickman County – 35 +/- acres – Bon Aqua, TN – Trans. No. 05-11-011 (CH)</u>
Purpose:	Acquisition in Fee to protect two (2) forested tracts that contain a high diversity of trees including exceptionally large trees.
Source of Funding:	State Land Acquisition Fund
Estimated Cost:	Pending Appraisal
Owner(s):	William Duke, Jimmy Duke and Jackie Beaty
SSC Report:	12-12-05. Jorgen Bailey summarized the transaction. Staff referred to Sub-Committee for recommendation.
SC Action	12-19-05. Charles Garrett presented the transaction and introduced Reggie Reeves who made a brief presentation regarding the importance of this mature forest. He stated that the value was in the trees, and not the land. Subcommittee approved the request as presented. Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Hickman County – 5 +/- acres – Bon Aqua, TN – Trans. No. 05-11-012 (CH)</u>
Purpose:	Acquisition by Easement to provide adequate public parking area to the 35 acres acquisition and provide protection to a cave.
Source of Funding:	State Land Acquisition Fund
Estimated Cost:	Pending Appraisal
Owner(s):	Allan D. & Joy Kerns
SSC Report:	12-12-05. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for recommendation.
SC Action:	12-19-05. Charles Garrett presented the transaction. Reggie Reeves stated that the request would include the preservation of the Bon Aqua Hotel, a century-old national historic site. Subcommittee approved the request as presented. Final action.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Marshall County – 391.73 +/- acres – Henry Horton State Park, Chapel Hill, TN – Trans. No. 05-11-013 (CH)</u>
Purpose:	Acquisition in Fee for additional land to Henry Horton State Park for room to expand its trail system and provide opportunities for interpretive programming. It will also prevent the encroaching developments.
Source of Funding:	State Land Acquisition Funds
Estimated Cost:	Pending Appraisal
Owner(s):	Dr. Hardy Fields, Trustee
SSC Report:	12-12-05. Jurgan Bailey summarized the transaction. Staff referred to Sub-Committee for recommendation.
SC Action:	12-19-05. Subcommittee approved the request as presented. Final action.

STATE BUILDING COMMISSION

MINUTES OF EXECUTIVE SUBCOMMITTEE MEETING

- 1) Approved the Minutes of the Executive Subcommittee meeting held on November 21, 2005.

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Treasurer Sims brought up from the floor a discussion of the recent ruling by Judge Haynes regarding the authority of the Building Commission relative to the proposed grant to the City of Spencer. He said he was somewhat concerned about the effect the ruling may have on the Building Commission's authority over the making of all capital grants as the ruling appears to run contrary to the understanding of Commission members and past precedent. He said he would hope the Attorney General would consider appealing this matter. Comptroller Morgan commented that, while the Spencer grant is important, this ruling was significant as it goes deeper involving SBC authority as well as having an impact on future issues. After discussion, Secretary of State Darnell made a motion that they ask the Attorney General to pursue an appeal of the ruling. The motion passed without objection.

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Following approval of the Consent Agenda, the meeting adjourned at 10:55 a.m.

CONSENT AGENDA

Approval of the following Real Property transactions, which have been reviewed and recommended for approval by Sub-Committee staff:

- A. Agency: **Tennessee Board of Regents – Shelby County**
Transaction: Disposal of Easement
- B. Agency: **Tennessee Board of Regents – McMinn County**
Transaction: Lease Agreement
- C. Agency: **Department of Human Services –Davidson County**
Transaction: Lease Agreement
- D. Agency: **Department of Children’s Services – Fayette County**
Transaction: Disposal by Lease Amendment
- E. Agency: **Tennessee Wildlife Resources Agency – Robertson County**
Transaction: Acquisition by Easement
- F. Agency: **Department of Transportation –Warren County**
Transaction: Disposal by Lease
- G. Agency: **Department of Environment & Conservation – Rutherford County**
Transaction: Acquisition in Fee
- H. Agency: **Department of Environment & Conservation –Hardeman County**
Transaction: Acquisition in Fee

A.

TENNESSEE BOARD OF REGENTS

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by EASEMENT of interest in real property with WAIVER of ADVERTISEMENT and ONE (1) APPRAISAL as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Shelby County – 0.18 +/- acres for Permanent Drainage Easement & 0.11 +/- acres for Temporary Construction Easement at the Black Bayou Drainage District – University of Memphis, Memphis, TN – Trans. No. 05-11-003 (LW)</u>
Purpose:	Disposal of Easement for permanent utility easement for drainage line will replace & temporary utility easement for possible future needs.
Estimated Sale Price:	Grant for Public Benefit
Grantee:	City of Memphis
SSC Report:	12-12-05. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	12-19-05. Subcommittee approved the request as presented.

B.

TENNESSEE BOARD OF REGENTS

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: McMinn County – Willow Springs Plaza, 2580 Ingleside Avenue, Athens, TN – Trans. No. 05-11-909

Purpose: To provide office and educational space for Cleveland State Community College.

Term: July 1, 2006 thru June 30, 2011 (5 years)

Proposed Amount:	<u>15,045 Square Feet</u>		
	Annual Contract Rent:	\$ 124,536.00	@ \$ 8.28/sf
	Est. Annual Utility Cost:	\$ 21,063.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 16,549.50</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$ 162,148.50	@ \$10.78/sf

Current Amount:	<u>7,200 Square Feet</u>		
	Annual Contract Rent:	\$ 81,364.20	@ \$ 11.30/sf
	Est. Annual Utility Cost:	\$ 10,080.00	@ \$ 1.40/sf
	Est. Annual Janitorial Cost:	<u>\$ 7,920.00</u>	<u>@ \$ 1.10/sf</u>
	Total Annual Effective Cost:	\$ 99,364.20	@ \$ 13.80/sf

Type: New Lease – Advertisement – received only one proposal

Purchase Option: Yes

Lessor: WSP Property Group

Comment: The proposed lease provides (1) the lessor will renovation 15,045 rentable square feet of office and classrooms space (2) no cancellation during the first two years of the lease term except for cause and/or lack of funding and 90-days notice thereafter.

SSC Report: 12-12-05. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 12-19-05. Subcommittee approved the request as presented.

C.

DEPARTMENT OF HUMAN SERVICES

LEASE AGREEMENT

Review of a request for APPROVAL of the following LEASE AGREEMENT for the rental of real property as required by TCA 12-2-115:

Location: Davidson County – 44 Vantage Way, Suite 200, Nashville, TN – Trans. No. 05-07-908 (JS)

Purpose: To provide office and related space for county operations.

Term: April 1, 2006 thru March 31, 2011 (5 years)

Proposed Amount: 8,124 Square Feet
Annual Contract Rent Incl. Utility & Janitorial Cost: \$125,922.00 @ \$ 15.50/sf
Total Annual Effective Cost: \$125,922.00 @ \$ 15.50/sf

Current Amount: 8,124 Square Feet
Annual Contract Rent Incl. Utility & Janitorial Cost: \$115,767.00 @ \$ 14.25/sf
Total Annual Effective Cost: \$115,767.00 @ \$ 14.25/sf

Type: New Lease – Advertisement – Lowest of two (2) proposals from two (2) proposers.

FRF Rate: \$18.00 per square foot

Purchase Option: No – Multi-tenant

Lessor: ATAPCO Vantage, Inc., current lessor

Comment: The proposed lease provides a 90-day cancellation.

SSC Report: 12-12-05. Bob King summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 12-19-05. Subcommittee approved the request as presented.

D.

DEPARTMENT OF CHILDREN'S SERVICES

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by LEASE AMENDMENT of interest in real property as required by TCA 4-15-102 and 12-2-112.

Description:	<u>Fayette County – Wilder Youth Development Center, 13870 Hwy. 59, Somerville, TN – Trans. No. 05-10-008 (GM)</u>
Purpose:	Disposal by Lease Amendment for Emergency Management Offices of Fayette County.
Term:	January 1, 2006 thru December 31, 2006
Consideration:	Mutual Benefits
Lessee:	Fayette County
Comment:	Original lease requires extensions be done by Amendment.
SSC Report:	12-12-05. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	12-19-05. Subcommittee approved the request as presented.

E.

TENNESSEE WILDLIFE RESOURCES AGENCY

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description: Robertson County – 1.18+/- acres – Orlinda, TN – Trans. No. 05-11-009 (CH)

Purpose: Acquisition by Easement to exchange access into the State's property.

Source of Funding: Glenn Tidwell - owner

Estimated Cost:

Owner(s): Glenn Tidwell

Comment: Adjoining landowner has requested an equal value exchange. TWRA supports this action it will not impact the habitat of the property and shorten the length of road needed for the user access.

SSC Report: 12-12-05. Jurgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.

SC Action: 12-19-05. Subcommittee approved the request as presented.

F.

DEPARTMENT OF TRANSPORTATION

LAND ITEM

Review of a request for APPROVAL of the following DISPOSAL by LEASE of interest in real property as required by TCA 4-15-102 and 12-2-112:

Description:	<u>Warren County – 0.766 +/- acres - State Route 8 / State Route 127, McMinnville, TN – Trans. No. 05-11-008 (GM)</u>
Purpose:	Disposal by Lease to build an ambulance emergency response sub-station.
Term:	Fifteen (15) Years
Consideration:	Mutual Benefits
Lessee:	Warren County
SSC Report:	12-12-05. Jurgan Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	12-19-05. Subcommittee approved the request as presented.

G.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Rutherford County – 461 +/- acres – adjoining Flat Rock Cedar Glade State Natural Area, Murfreesboro, TN – Trans. No. 05-11-014 (LW)</u>
Purpose:	Acquisition in Fee to protect natural area and the Leafy Prairie Clover and Pyne's Ground Plum plants.
Source of Funding:	\$552,087.00 Federal Funds – US Fish & Wildlife Services \$506,854.00 TNC Value Donation
Estimated Cost:	Pending Appraisal
Owner(s):	TN Nature Conservancy
Comment:	TN Natural Areas Preservation Act of 1971 will not be able to protect the area unless the State purchases the property.
SSC Report:	12-12-05. Jorgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	12-19-05. Subcommittee approved the request as presented.

H.

DEPARTMENT OF ENVIRONMENT & CONSERVATION

LAND ITEM

Review of a request for APPROVAL to OBTAIN TITLE WORK, APPRAISAL, SURVEY and EXERCISE OPTION to ACQUIRE or ACCEPT as GIFT, required interest in the following real property, not to exceed the appraised value for the property being acquired:

Description:	<u>Hardeman County – 21.0 +/- acres – Pocahontas, TN – Trans. No. 05-11-015 (GM)</u>
Purpose:	Acquisition in Fee for portion of the Davis Bridge Battlefield site and is endangered by development.
Source of Funding:	State Land Acquisition Funds
Estimated Cost:	Pending Appraisal
Owner(s):	Civil War Trust
Comment:	The battlefield is listed as one of Tennessee's most significant sites as per Congressional report on the battlefield's.
SSC Report:	12-12-05. Jorgen Bailey summarized the transaction. Staff referred to Sub-Committee for consent agenda.
SC Action:	12-19-05. Subcommittee approved the request as presented.

Approved by: _____
M.D. Goetz, Jr., Commissioner
Department of Finance and Administration